S. HRG. 101-125

NOMINATION OF CHARLES H. DALLARA, HOLLIS S. MC LOUGHLIN, ROGER BOLTON, AND KAY C. JAMES

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON THE

NOMINATION OF

CHARLES H. DALLARA TO BE DEPUTY UNDER SECRETARY OF THE TREASURY; HOLLIS S. McLOUGHLIN TO BE AN ASSISTANT SECRETARY OF THE TREASURY; ROGER BOLTON TO BE AN ASSISTANT SECRETARY OF THE TREASURY; AND KAY C. JAMES TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES

MAY 9, 1989

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NOMINATIONS OF CHARLES H. DALLARA, HOLLIS S. McLOUGHLIN, ROGER BOLTON, AND KAY C. JAMES

TUESDAY, MAY 9, 1989

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 2:30 p.m. in room SD-215, Dirksen Senate Office Building, Hon. Lloyd Bentsen (chairman) presiding.

Also present: Senators Moynihan, Baucus, Pryor, Rockefeller, Packwood, Roth, Chafee, Durenberger, and Armstrong.

[The press release announcing the hearing follows:]

[Press Release No. H-22, May 1, 1989]

BENTSEN ANNOUNCES HEARING AND EXECUTIVE SESSION ON TREASURY AND HHS NOMINATIONS

WASHINGTON, DC—Senator Lloyd Bentsen (D., Texas), Chairman, announced today that the Finance Committee will hold a hearing and executive session on nominations for the Departments of Treasury and Health and Human Services, on *Tuesday, May 9, 1989 at 2:30 p.m.* in Room SD-215 of the Dirksen Senate Office Building.

The Treasury nominations are Charles H. Dallara to be Deputy Under Secretary for International Affairs, Hollis S. McLoughlin to be Assistant Secretary for Policy Development, and Roger Bolton to be Assistant Secretary for Public Affairs and Public Liaison.

Dallara is Assistant Secretary for Policy Development at Treasury, McLoughlin serves as a Treasury consultant, and Bolton is Special Assistant to the President for Public Liaison and Director of the Economic Division at the White House.

Additionally, the Committee will consider nomination of Kay C. James to be Assistant Secretary for Public Affairs of the Department of Health and Human Services. Ms. James is currently serving as a consultant at HHS.

OPENING STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM TEXAS

The CHAIRMAN. This hearing will come to order.

Dr. Dallara has been nominated to be Deputy Under Secretary of the Treasury for International Affairs. The Under Secretary for International Affairs is charged with advising the Treasury Secretary on international, monetary, financial, commercial and trade policies. Dr. Dallara has been with the Treasury Department since 1976. Most recently, he has served as the Assistant Secretary for Policy Development. He has also served as the Senior Deputy Assistant Secretary far International Economic Policy and as the U.S. Executive Director of the International Monetary Fund. Prior to

that time, he worked in the Treasury Department's Office of International Monetary Affairs.

I must say your background gives you an expertise on a myriad of issues, including the Third World debt, the trade deficit and the coordination of monetary policies between the United States and the Western allies. Other than that, you won't have much else to do, I guess. [Laughter.]

The CHAIRMAN. We are very pleased to have you.

I defer now to my distinguished colleague, Senator Packwood.

Senator PACKWOOD. I have no opening statement, Mr. Chairman.

The CHAIRMAN. All right.

We are very pleased to see the distinguished senior Senator from the State of Virginia here, my good friend, John Warner. Would you proceed, sir?

STATEMENT OF HON. JOHN WARNER, A U.S. SENATOR FROM VIRGINIA

Senator WARNER. Thank you, Mr. Chairman, Senator Packwood. I shall be very brief.

Both of these distinguished Americans are well known to this committee and I would like to ask unanimous consent that my statements on behalf of each will be inserted into the record in its entirety.

They are both Virginians, and as such it is a distinct honor for me to come before the committee and introduce them.

I would like to just mention briefly one thing about Dr. Dallara, which I am sure the Chairman, in view of his distinguished military record, will understand why.

Dr. Dallara comes to this position with an impressive ray of experience and background. He served our country in the United States Navy in the early 1970s as an Admiral's aide and a Flag Lieutenant to a Rear Admiral, serving as executive assistant with a variety of duties, including flotilla watch officer at sea. These coincided with my tenure as Secretary of the Navy, so I can personally attest to how hard we worked the Flag Lieutenants and the Admirals' aides. Need I say more, Mr. Chairman?

The CHAIRMAN. Well, once upon a time, I thought about joining the Navy, but I would have been Ensign Bentsen and I would never have been promoted. [Laughter.]

Senator WARNER. Well I am fully aware the distinguished chairman's record is a member of the old Army Air Corps many years ago.

And also, Mr. Chairman, I am honored to represent here Kay Cole James to be Assistant Secretary for Public Affairs in the U.S. Department of Health and Human Services. She, likewise, has had a distinguished record of public service, but I have had the opportunity to work with her on a number of very controversial issues. I would say unequivocally that she has a sense of fairness and objectivity in her approach to decisions which I think will do her very well in the duties for which the President of the United States has designated her, subject to confirmation by the Senate.

I thank the chair and I thank the ranking member for the privilege of appearing.

The CHAIRMAN. Senator, we are very pleased to have you and appreciate your introduction of these two nominees.

Senator WARNER. Thank you.

The CHAIRMAN. Now, Dr. Dallara, the introduction is over and you are on your own.

[The prepared written statements of Senator Warner appear in the appendix.]

STATEMENT OF CHARLES H. DALLARA, DEPUTY UNDER SECRETARY OF THE TREASURY-DESIGNATE

Dr. DALLARA. Thank you, Mr. Chairman. I would like to thank the Senator for his very kind introductory comments. I appreciate very much him joining the hearings here today to introduce me.

It is indeed a pleasure to appear before you and your committee today, Mr. Chairman, as you consider my nomination to the position for the Assistant Secretary of the Treasury for International Affairs.

I am honored to have been nominated by President Bush for this position, and I am, of course, prepared to answer any questions you or your colleagues may have concerning my qualifications, experience, or the responsibilities associated with the position to which I have been nominated.

It was my pleasure to have appeared before this committee only seven months ago in connection with my nomination to the position of Assistant Secretary for Policy Development. At that time, Mr. Chairman, I underscored my willingness and intent to work with Congress in the fulfillment of my duties if confirmed. I made every effort to follow up on that commitment and I would like to reiterate that pledge to you today. If confirmed to the position to which I am nominated, my duties will cover, as you have already indicated, Mr. Chairman, a full range of Treasury activities in the international arena.

I would plan to work closely with the appropriate committees, subcommittees, and individual members of the Senate and House, as well as their staffs, in an effort to ensure full and continuing consultation with the Congress on such matters of vital national interest.

Before closing, Mr. Chairman, I would like to take the opportunity, if I may, to introduce my family who is here with me today. My wife, Carolyn, and my children, Stephen and Emily, all of whom have tolerated the demands for my positions in Government for a number of years, and who are apparently willing to do so for at least a few more.

I would also like to thank Secretary of the Treasury Nicholas Brady, and President Bush for the confidence they have expressed in me by nominating me to this position.

If this committee were willing to share their confidence, I will do my utmost to serve my country in these duties.

Thank you, Mr. Chairman. I would be happy to answer any questions which you or the members of the committee may have at this time.

The CHAIRMAN. Dr. Dallara, one of the most serious problems facing this country is the trade deficit. The previous Administra-

tion, and perhaps this Administration to a degree, has relied on two means to improve the trade deficit: reducing the budget deficit; and by decreasing the value of the U.S. dollar in relation to other currencies.

From my perspective, the budget that has been presented is very marginal, and will not achieve its objectives. It depends on some very rosy economic assumptions that I don't agree with and that are contradictory.

The value of the dollar has been on the rise. And, I don't see much improvement in the trade deficit.

What is the Administration proposing to do about the trade deficit? Is the Administration satisfied with the run up in the dollar?

Dr. DALLARA. Mr. Chairman, on the first question concerning the trade deficit itself, the Administration is in the process of developing a position on trade policy and, more broadly, the trade deficit. It seems to me that the Administration's approach in this area will need to encompass a number of policy areas. First, it will need to cover trade policy in terms of enforcing legislation and ensuring that efforts continue, and are strengthened where necessary, to reduce and eliminate trade barriers overseas and to promote trade liberalization.

Beyond that, it will be important to continue the economic policy coordination process with other industrial countries in order that domestic demand in foreign countries exceeds their total GNP, and they can pull in our imports. And the converse of that is necessary here; that our domestic demand be below our overall level of GNP in order that we can reduce our demand on foreign goods relative to domestic products.

The CHAIRMAN. Well let's get to the dollar.

What is the attitude of the Administration towards the run up in the dollar? And what, if anything, does the Administration propose to do about it?

Dr. DALLARA. One month ago, Mr. Chairman, we had a meeting of the G–7 Finance Ministers and Central Bank Governors. At that time, the meeting agreed in a communique that a rise in the dollar that was counterproductive to the adjustment process would be unwelcome. The Administration, in effect, stands by that commitment today, Mr. Chairman.

The CHAIRMAN. You mentioned Secretary Brady a moment ago. When the Brady plan on third world debt was announced, it resulted in great expectations by some of the debtor nations. Mexico was cited as a test case because it had adopted some tough austerity measures and had taken steps to privatize State-owned industry. Mexico has also worked very hard to reduce its trade deficit and increase exports. I haven't heard much about the progress in these negotiations. What is the status of the negotiations with Mexico. And, what incentives are there for banks to charge off part of those loans?

Dr. DALLARA. The negotiations are underway, Mr. Chairman. The Mexicans have presented some initial proposals to the Bank Advisory Committee which is representing the full universe of banks. And it is my understanding that the Advisory Committee is in the process of developing a coordinated position within the banking community to respond to that initial proposal by the Mexican

Government. We expect that such a response by the banks to the initial position of the Mexicans will occur within a matter of days.

The CHAIRMAN. What is the incentive for a bank to charge off part of the loan?

Dr. DALLARA. There are a number of incentives, Mr. Chairman. One of the most fundamental incentives, in my view, is that in the absence of cooperative action on the part of the banks, either in the form of providing new money or providing debt reduction or debt service reduction, it will be difficult to foresee timely payment by the debtor countries of their interest obligations to the banks.

The CHAIRMAN. The problem is they will say, "Let the other banks do it. I am going to take care of my bank, I am not going to charge off anything." How do you get to that bank?

Dr. DALLARA. Well it can be a problem with some of the smaller banks, Mr. Chairman, and we don't have an easy solution to that. We do believe, however, that we have created a variety of options here which should be attractive to a range of banks. If a bank no longer wants to provide new lending, now that bank is offered an opportunity to participate in debt reduction, for example. In addition, there are some other financial incentives, we are prepared to see some modest use of IMF and World Bank resources to help, in effect, back up this debt reduction process.

The CHAIRMAN. You are giving them more security. For one thing, I assume what you are hanging out there is a carrot.

Dr. DALLARA. They will exchange an existing claim at a discount, and the new claim which they will hold will be fully collateralized. And at the end of that 30-year term, or whatever it turns out to be, they can expect with a high degree of certainty full repayment of that principal. They will also have some security on the interest, most probably.

The CHAIRMAN. I think the progress has been awfully slow, frankly.

Senator Packwood?

Senator PACKWOOD. No questions, Mr. Chairman.

The CHAIRMAN. Senator Armstrong.

Senator ARMSTRONG. Thank you, Mr. Chairman. I have nothing at this time.

The Chairman, Thank you very much.

Dr. DALLARA. Thank you, sir.

The CHAIRMAN. Senator Thurmond, were you here to speak?

Senator THURMOND. If you will give me about two minutes to endorse this gentleman?

The CHAIRMAN. Well, I will tell you, Dr. Dallara is really hanging in the balance. Now you have Senator Thurmond here. [Laughter.]

STATEMENT OF THE HON. STROM THURMOND, A U.S. SENATOR FROM SOUTH CAROLINA

Senator THURMOND. Thank you very much, Mr. Chairman. I am very pleased to be here today and endorse Mr. Charles H. Dallara who has been nominated by President Bush to be Deputy Under Secretary for International Affairs at the Department of the Treasury.

Mr. Dallara was born in Spartanburg, South Carolina. In 1970, he graduated from the University of South Carolina with a Bachelor of Science degree in Economics. Four years later, Mr. Dallara entered the Fletcher School of Law and Diplomacy at Tufts University where he received a Master of Arts in International Economics, and Law and Diplomacy. In 1986, he received his Ph.D in International Economics from the Fletcher School of Law and Diplomacy.

Mr. Dallara served in the United States Navy from 1970 to 1974. During his service he was a gunnery officer, deck officer, navigator, legal officer and personnel officer on the U.S.S. *Sampson*. Additionally, he served as an aide and flag lieutenant for Rear Admiral Samuel L. Gravley, Jr. in Newport, Rhode Island.

Mr. Dallara has had considerable experience in the area of international economic policy. Over the last 13 years, Mr. Dallara has held several positions of responsibility at the Department of the Treasury. In these jobs, he has been generally responsible for international and domestic economic issues.

Additionally, Mr. Dallara is currently the United States Representative at the International Monetary Fund. I believe that his considerable experience will be most valuable to Mr. Dallara in the position to which he has been nominated. It is with much pride that I appear today to present this fine man to the committee and endorse him highly. Thank you very much, Mr. Chairman.

[The prepared statement of Senator Thurmond appears in the appendix.]

The CHAIRMAN. Senator Thurmond, we are very pleased to have you back. That was a strong statement in support.

Dr. DALLARA. Thank you, Senator.

The CHAIRMAN. Thank you, Dr. Dallara.

Dr. DALLARA. Thank you, Mr. Chairman.

The CHAIRMAN. Our next nominee, is Mr. Hollis S. McLoughlin.

Mr. McLoughlin has been nominated to fill the post of Assistant Secretary of the Treasury for Policy Management. In that position he would be the chief advisor on policy formulation for the Treasury Secretary. Mr. McLoughlin is no stranger to the Dirksen Building. In 1982, he was Chief of Staff for then Senator Nicholas Brady. Mr. McLoughlin also brings to the job a background in business management. He was managing director of the Taggart Group and a senior vice president for Purolator Courier.

Mr. McLoughlin, you will be putting your management skill to the test on the myriad of issues facing Treasury these days.

I defer to my colleague, Senator Packwood.

Senator PACKWOOD. No statement, Mr. Chairman,

The CHAIRMAN. Senator Armstrong, do you have any statement to make?

Senator ARMSTRONG. Thank you, Mr. Chairman. No, I do not at this time.

The CHAIRMAN. Mr. McLoughlin, we would welcome any opening statement which you may care to make at this time.

STATEMENT OF HOLLIS S. MC LOUGHLIN, ASSISTANT SECRETARY OF THE TREASURY-DESIGNATE

Mr. McLoughlin. Thank you, Mr. Chairman,

I appreciate the opportunity today to present myself to the members of this committee. I am honored to have been nominated by President Bush for the position of Assistant Secretary of the Treasury for Policy Management, If I am confirmed by the Senate, I look forward to working with Congress as a member of the Administration.

The position of Assistant Secretary of Policy Management, as I see it, has several major components. First and foremost, the Assistant Secretary, working with both the Secretary and the Deputy Secretary, has to ensure that the policies and objectives of the Secretary are clearly developed and communicated.

In addition, the Assistant Secretary must see that policy is reviewed and coordinated within the Treasury Department; to help create an environment in which different points of view are allowed to develop, and present it in such a way that the Secretary can make a sound and well-informed decision.

Finally, I think the Assistant Secretary is responsible for closely monitoring the coordination of the Department with the rest of the Executive Branch.

I believe I have been lucky to have a combination of public and private sector management experiences which will help me carry out these duties.

As an administrative assistant to a United States Congresswoman, and then to a United States Senator, I learned a great deal about the process of Government and the importance of the relationship between the Executive and Legislative Branches.

In addition, my jobs as an executive in business have taught me a great deal about strategy, goal setting and achieving results.

I think all these experiences will help me as an Assistant Secretary of Treasury, and specifically in a policy management assignment.

I would like to close by thanking my family for their support. I particularly want to thank my wife, Caroline, who is here today, and my daughter for being willing to allow me to take on another public service job where the demands are heavy and the hours long.

I would also like to acknowledge my parents, John and Harriette McLoughlin, who more than anyone have instilled in me the sense that serving the country is an important endeavor.

I know you are all very busy and, therefore, I wanted to keep my remarks brief. However, I will, of course, be happy to answer the committee's questions.

The Chairman, Do I understand that you will continue as a general partner in the TFMW Real Estate Partnership?

Mr. McLoughlin. That is correct, Senator.

The Chairman, What is that partnership?

Mr. McLoughlin. It is a real estate holding company that is derived from a transaction that I was involved in in 1987, I have no active involvement. It is at this stage a passive investment on my part.

The CHAIRMAN. But you remain as a general partner, not a limited partner.

Mr. MCLOUGHLIN. Yes, sir, that is correct,

The CHAIRMAN. What kind of real estate investments?

Mr. MCLOUGHLIN. They are trucking terminals.

The CHAIRMAN. Well, in setting policy, you are going to come in contact with the tax treatment of investment partnerships. How do you intend to manage that?

Mr. MCLOUGHLIN. Well, Senator, as I am sure that you are well aware, I have reviewed this with counsel at Treasury and with OGE. I would make two points. First and foremost, I see my job as a manager of policy and making sure that the proper environment is created for the Secretary to have a range of opinion. I see the principal determinant of tax policy at Treasury as the Assistant Secretary of Tax Policy. I do not see myself in my role as being the one determining tax policy.

The CHAIRMAN. But you are going to provide him with a series of options. Is that right?

Mr. MCLOUGHLIN. I would be involved in that, yes.

The CHAIRMAN. Would you recuse yourself if a decision would impact you materially?

Mr. MCLOUGHLIN. Absolutely.

The CHAIRMAN. It would be difficult to handle for you.

Let me ask you a question I asked before. What do you think about the run up of the dollar and what do you think should be done about it, if anything?

Mr. MCLOUGHLIN. Senator, I am not an expert on the dollar and I would defer to my colleagues on that subject.

The CHAIRMAN. Do you have any questions, Senator Packwood?

Senator PACKWOOD. No questions, Mr. Chairman.

The CHAIRMAN. Senator Armstrong.

Senator ARMSTRONG. No questions. Thank you, Mr. Chairman.

The CHAIRMAN. I may want to visit with you later on in some of the previous part of my questions.

Mr. McLoughlIn. I would, of course, be happy to meet with you, Mr. Chairman, on that subject.

The CHAIRMAN. Thank you very much for your attendance.

Mr. McLoughlin, Thank you. [The prepared statement of Mr. McLoughlin appears in the appendix.]

The CHAIRMAN. Our next nominee is Mr. Roger Bolton for Assistant Secretary of the Treasury for Public Affairs and Public Liaison.

In that position I think you are the Treasury Department's window to the outside world. You have had a lot of experience in public affairs, and press relations. Based on that experience, what steps would you recommend to make that office more responsive to public concerns as well as an effective conveyer of these concerns to the Treasury Secretary?

Mr. BOLTON. Mr. Chairman, thank you.

I believe very strongly in the need to communicate both policy positions and policy development processes and believe that it is essential to the functioning of our representative democracy to do so.

When I was at the Office of the U.S. Trade Representative one of my functions was to manage the trade advisory system which this committee has authorized, and I did so in a way that attempted to

guarantee that private sector advice was accurately reflected in the trade policy development process.

At the Department of the Treasury I would hope to similarly work with State and local governments and private sector organizations—business, labor, professional organizations—to see that their views are portrayed accurately to the appropriate policy makers, and that policy decisions reflect those views.

The CHAIRMAN. Apparently, from your record, it is a familiar assignment to you.

Mr. BOLTON. Yes, sir.

The CHAIRMAN. You served as the spokesman for the United States Trade Representative as well as the Congressional Joint Economic Committee and for Congressman Clarence Brown. You also worked in the White House Public Liaison Office. I would expect that, in that role, you are going to come in contact with some very controversial issues that are going to be facing the Treasury Department. It looks to me like, from your experience, you are up to the task.

Mr. BOLTON. Thank you, sir.

The CHAIRMAN. Do you have any comments you would like to make, Mr. Bolton?

STATEMENT OF ROGER BOLTON, ASSISTANT SECRETARY OF THE TREASURY-DESIGNATE

Mr. BOLTON. Yes. Thank you very much, Senator.

Mr. Chairman, I appreciate the opportunity to appear today. I would like to express my gratitude to Secretary Brady for his confidence in me, and to my wife, Lynne, who is here today in the second row, for her support and continued tolerance of my desire to engage in public service. The position to which I have been nominated is responsible for Treasury's relations with the press, State and local governments and the private sector. I believe in a strong communications program that thoroughly explains policy positions and processes.

My background in journalism and on the Hill has given me a healthy appreciation for the importance of information to the functioning of our representative democracy.

I also believe strongly in the need to involve the private sector in governmental decision making processes. And as I have indicated, I was responsible for doing so when I was with the Office of the U.S. Trade Representative.

Finally, Mr. Chairman, I would just like to say a brief word about the bipartisanship that President Bush and Secretary Brady have said will be a hallmark of their relations with the Congress.

As you have mentioned, I served as Congressman Clarence Brown's administrative assistant when you were Chairman of the Joint Economic Committee. He was ranking Republican on that Committee. And I remember well the excellent working relationship you and he developed that led in 1979 and 1980 to the first unanimous annual reports ever produced by that committee. It is in that cooperative spirit that I would like to work with this committee and staff if confirmed by the Senate.

I thank you and the other members of the committee for taking time from your busy schedules. [The prepared statement of Mr. Bolton appears in the appendix.]

The CHAIRMAN. Mr Bolton, you really know how to get to a guy. [Laughter.]

Senator PACKWOOD. No questions, Mr. Chairman.

The CHAIRMAN. Let's see. The order of arrivals is Senator Packwood, Armstrong, Heinz, Durenberger, Chafee, Moynihan and Pryor. Senator Armstrong.

Senator ARMSTRONG. Mr. Chairman, I have no questions at this time.

The CHAIRMAN. Senator Durenberger?

Senator DURENBERGER. No questions, Mr. Chairman.

The CHAIRMAN. Senator Chafee?

Senator CHAFEE. No thank you, Mr. Chairman.

The Chairman, Senator Moynihan?

Senator MOYNIHAN. Congratulations, Mr. Bolton.

Mr. BOLTON. Thank you, Senator.

The CHAIRMAN. Senator Pryor?

Senator PRYOR. No questions, Mr. Chairman.

The CHAIRMAN. Go while you can.

Mr. BOLTON. Thank you, Mr. Chairman. [laughter.]

The CHAIRMAN. Well, Miss James, we are very pleased to have you.

The CHAIRMAN. Senator McConnell, would you like to make a statement on behalf of Mr. Bolton?

Senator MCCONNELL. Mr. Chairman, I would like to submit a brief statement.

The CHAIRMAN. That will be fine. We are delighted.

[The prepared statement of Senator McConnell appears in the appendix.]

The CHAIRMAN. Miss James, we are delighted to have you here. We want to welcome you and your family, which is with you today.

Ms. JAMES. Thank you.

The CHAIRMAN. Would your family stand up so we can see them?

Ms. JAMES. Well, you know, I hadn't intended to, but after everyone else did I knew I couldn't live in peace tonight unless I did.

The CHAIRMAN. But of course. We are glad to see them.

Ms. JAMES. And I am very proud. And I would like to introduce my son, Chuck; my son, Robert Arrington James; and my daughter, Elizabeth; my husband, Charles; my daughter, Shana; and the woman who gave me the most wonderful gift in the world, my mother-in-law, Mrs. James.

The CHAIRMAN. We are very pleased to have you all here. From your background file, I know that you have had extensive experience in dealing with the media, sometimes on some very controversial issues. That experience should serve you well in your new post at the Department of Health and Human services. Budget cuts and difficult policy choices inevitably create a lot of controversy.

Your role in dealing with this committee is largely informational, to make available materials needed by us and by our staffs as we review and consider some of the President's health proposals. We would be delighted to have your statement now.

STATEMENT OF KAY C. JAMES, ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES-DESIGNATE

Ms. JAMES. Mr. Chairman and members of the committee, I am honored to appear before you as President Bush's nominee to be Assistant Secretary for Public Affairs at the Department of Health and Human Services. I look forward, if confirmed, to serving the President, Secretary Sullivan and the tens of thousands of dedicated HHS employees as we endeavor to preserve, strengthen and broaden the health and economic security of all Americans.

I will strive to make the Office of Public Affairs an important ally in all aspects of Secretary Sullivan's work on behalf of the Nation. We are HHS' vital conduit to the American public, providing important information on health, support for our families and the elderly, and economic security. I will make sure that this information is timely, accurate and easily accessible.

In my previous work, I have had occasion to closely observe and interact with the department. I therefore know that the Department of Health and Human Services has been a creative and credible vehicle for the dissemination for information on health, family policy and economic security. HHS has a long history of service which has forged a strong bond with the American people. This bond of trust is always important and must never be violated. My goal will be to strengthen it.

Let me cite just one example of how important our work can become. The American public is quickly becoming more health conscious and better informed about health risks and health opportunities. Our citizens depend upon us to deliver new and accurate information about the spread of AIDS and the dangers of illicit drug use.

In short, the American people expect us to clearly and completely give them the facts on all relevant health and human service issues.

That is an exciting challenge for the Office of Public Affairs. If we perform our work with competence, insight and imagination, then the American people will greatly benefit from our efforts. If we fail in our task, then our country will suffer.

Along these lines, it is important that the Office of Public Affairs does continue to grow with the times. The advent of satellite, cable and video provides new and unique opportunities for delivering our message to the American public, I will work to make certain that we carefully explore and utilize each medium to the best of its potential.

I am also committed to expansion of our open and extremely helpful dialogue with the local and national media. Many of the top advertising agencies, television and movie production companies and many other members of the media have offered their help and assistance to help us tackle critical health issues like AIDS and illicit drug use. We can also harness their genius and expertise in the struggle against cancer, diabetes, hypertension and heart disease. I will work to keep this dialogue going.

I have a particular commitment to the anti-drug effort. Like so many other Americans, I have been personally affected by adult relatives who were alcohol abusers when I was a child. Living

through the pain and suffering has made a lasting impression. I know how important it is for people to understand that help is available and how to gain access to it. I will work to increase that understanding.

Also, I would reiterate what President Bush and Secretary Sullivan have repeatedly stated. We are prepared to work with Congress in a bipartisan spirit. I pledge to put forth every effort to serve the public with valuable and accurate information.

I would, of course, be pleased to respond to any questions. And I thank you again for inviting me to appear before you today.

The prepared statement of Ms. James appears in the appendix.]

The CHAIRMAN. Let me thank you in a personal way for your agreeing to serve on the Children's Commission, created by legislation which I authored. And I think under the able chairmanship of senator Rockefeller, you and others on that Commission, that you will be able to, and I hope give us some strong and good suggestions in the way of what we can do to help improve the circumstances of children around the country.

Now as to your specific role, how much do you think you will be involved in the formulation of policy, in addition to being a conveyor of information about that policy?

Ms. JAMES. Well I think it is very clear that the Office of Public Affairs, their role has historically and will continue to be in the future a role to make sure that policies are articulated. We are involved in terms of making sure once the operating and staff divisions have developed policy that we can articulate that to the American public.

And I think I recognize that certain policies have certain implications, and I would be happy to advise the Secretary as well as other Assistant Secretaries about policy implications. But my role is to make sure that the Administration and the Secretary's policies are articulated to the American public.

The CHAIRMAN. Well let's suppose the Secretary comes up with a policy that you just really do not agree with. How are you going to handle publicizing it, being a conduit for that information?

Ms. JAMES. Well having served in the capacity of a public affairs specialist for many years, it won't be a new situation for me. I think that at that point in time what my role is is to advise the Secretary, if appropriate, of what my opinions are. But my job is to make sure that I articulate the Secretary's position, and that is how I view my job and that is what I intend to do.

The CHAIRMAN. That's good enough for me. How about it, Senator Packwood?

Senator PACKWOOD. No questions, Mr. Chairman.

The CHAIRMAN. Senator Armstrong.

Senator ARMSTRONG. Mr. Chairman, the role of a Senator is quite different than that of the Assistant Secretary-designate for Public Affairs. If Mrs. James is confirmed, as I hope she will be, she said it is her job to communicate in effect the party line, the Administration's position, and so on.

I have sometimes come before this committee and even before the Senate to criticize appointments that have come before us. I have even voted against a few of the nominees that have come before us and I will probably do so again. But I would not want to

let this occasion pass since I felt free to criticize some nominees and, in effect, to question the President's judgment on some of them without saying that I think that Mr. Bush's decision in designating Mrs. James for this position is an extraordinarily good choice. We often talk about how we are going to reach out and attract the best people from private life to come into the government, and our most talented people and our most outstanding people, and that is a lot easier to say than to actually do. But in asking Mrs. James to join this government, the President has really reflected great credit on himself.

I happen to know Mrs. James in several ways, both in a personal and professional way, and I just wouldn't want the moment to pass without expressing my great faith and confidence in her. Sometime there will be some crisis that she will be involved in. I don't know what it is, but you just can't be in a job like she is undertaking or that any of us are in without at some point getting to that kind of a crunch. And when the crunch comes she will do the kind of job that will make the President proud of her, make the country proud of her, and make the members of the committee glad that they voted to confirm her.

The CHAIRMAN. Thank you, Senator.

Senator Durenberger.

Senator DURENBERGER. Mr. Chairman, I rarely question the President's judgment.

Senator PACKWOOD. Well you should do it more often. [Laughter.]

Senator DURENBERGER. So it is a tribute to this candidate that our colleague on my left who often does—in fact very often does—is complimented both by the President's judgment and by his own in choosing his friends and his colleagues and associates. By reputation, Mrs. James is an outstanding candidate for this position. And I think what she said in her opening statement about health is much like what the Secretary said when he was here. And I think John Heinz asked the Secretary-designate at that time what one thing would he want to be remembered for, and the response, in effect, was to redefine what we mean in this country by health? I mean, what does that word mean? And how can we, as a society, approach keeping people healthy, keeping them well in a different and a better way? And I was happy to see similar references in Mrs. James' statement. And I certainly heartily endorse her nomination.

The CHAIRMAN. Are there others who would like to comment here?

Senator CHAFEE. Mr. Chairman?

The CHAIRMAN. Yes. Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

I would hope, Mrs. James, that with your accesses you mention to the national media then maybe you will give us a hand, in stressing to Americans the need to remain healthy. I am sure we spend an awful lot of money in restoring people to health, but if we spent a little more time in trying to keep people healthy the Nation would be far better off and those individuals obviously would be better off. So I would hope that you would use the prestige of your office and the contacts that you are able to obtain to lay great stress on preventative medicine. Not smoking; using seat

belts; watch the food people eat; watch the salt; watch the sugar; watch the fat, so that we can have a healthier American population of every economic strata and every background. And I would hope that obviously you are not just an individual who is a mouthpiece. You are going to have the ability to accent certain areas because the Secretary is not going to be in your office every day telling you what to do. So you have a great deal of room for initiative. And I would hope that what you have discussed in your testimony on top of page 2, "The American public is quickly becoming more health conscious," well I hope you are right, but let's do everything we can to steer them in that direction through what they eat, and how they conduct their lives, and get some exercise every day, and the very basic and the fundamentals which all of us know but we've got to stress more.

Ms. JAMES. I couldn't agree with you more, Senator. As matter of fact, I can't wait until after confirmation to have the opportunity to use my bully pulpit to give a speech which I have been working on for a while called "Grease and Gravy."

Senator CHAFEE. What is that again?

Ms. JAMES. "Grease and Gravy."

Senator CHAFEE. "Grease and Gravy."

Ms. JAMES. I want to take that message out, particularly to the black community, about the foods that we eat, and how they can affect our health, how we can improve our health through exercise and those things. I have seen it in my own family, as I have said.

Senator CHAFEE. And they are very healthy looking.

Ms. JAMES. Yes. Dad makes them. He has brought me along on this particular issue. But I have seen what can happen and how families' health can change when they have incorporated healthy eating as well as exercise. And I know how difficult it is to change those kinds of habits. And it is going to be through public information and education that we do that. And so I would look forward to using my bully pulpit to do just that.

Senator CHAFEE. Well thank you. And I look forward to seeing you do that. Thank you, Mr. Chairman.

Ms. JAMES. Thank you.

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Mrs. James, can I take you through a hypothetical sequence? Supposing you are confirmed as Assistant Secretary for Public Affairs, which you, will be, and supposing you held your first briefing, and some member of the press said to you "Is the Bush Administration ever going to appoint an Assistant Secretary for Family Support?"

Now last year, after 25 years of effort, we finally passed a welfare bill. Welfare is not an isolated phenomenon. About one-third of American children will receive welfare before they are age 18; more than half of black children. And it passed out of this committee 17 to 3, and finally passed out of the Senate 96 to 1. A huge effort. And there is no Assistant Secretary. If there is no Assistant Secretary there will be no program.

And so if someone said to you, "Mrs. James, is there ever going to be an Assistant Secretary or is this a decision by the Administration not to pursue that matter," a matter we have clearly made a priority. The chairman and the ranking member have made clear

that this is our priority. Mr. Darman came up here. The OMB had not fully funded our new law as we required.

What will you say when that question is put to you?

Ms. JAMES. well I would say a few things. First of all, I would assume that the question would be asked with tongue and cheek because it would be fairly obvious to anyone that, of course, it is the intention of the Secretary and of the President to fill that particular job.

Senator Moynihan, Is it obvious? It is now the middle of May.

Ms. JAMES. Well, you know, first of all, there is an acting Secretary there. And it, I would say, would largely depend on what the actual circumstances are in the hypothetical situation. I always hesitate to answer hypotheticals because you can get into trouble.

Senator MOYNIHAN. Well I forewarned you.

May I just say that it is commencing to be a scandal, and it is a scandal, ma'am. It is a scandal. And if the Administration is going to let a program that important to that many children be hostage to the views of a very few members of this body—a very few, and perhaps some other bodies. I don't know—well. But congratulations.

The CHAIRMAN. Are there other questions of the nominees? Senator Pryor.

Senator Pryor, Yes, Mr. Chairman.

I had not planned to ask a question, Mr. Chairman. Mrs. James was very eloquent in her statement. I think you said that your role is to articulate the position of the Secretary and the President. Is this correct?

Ms. JAMES. That's right.

Senator PRYOR. Now Senator Moynihan has just asked you a hypothetical; let me ask you one.

In this morning's Washington Post there is a story about the OMB altering a statement of a very famous scientist, James Hansen, Director of NASA's Goddard Institute. Let's say that you are helping in preparation of testimony before a committee, and you are assisting some Under Secretary or some person within the agencies of HHS to come forward and testify. All of a sudden OMB walks in the room and says, you know, we don't like this testimony of Mr. Smith or Miss Jones, so we're going to alter this. And there you are, Mrs. James. You are caught in the middle. You are caught in the middle of OMB altering a statement of perhaps a scientist, perhaps a doctor, perhaps a long time public servant. What are you going to do?

Ms. JAMES. That would not be a dilemma for me.

Senator PRYOR. And if it were against the will of that individual, why would that not be a dilemma?

Ms. JAMES. Because I think all public servants should always as a matter of integrity go with the truth. And I think if it is a matter of altering testimony in order to make it more accurate, then I wouldn't have a problem. And I think that it would not be in the best interest of our country or any public servant to alter documents, And so it wouldn't even be a dilemma.

Senator PRYOR. Well, I am glad to hear you respond with that degree of strength, because this is a troublesome thing. It is extremely troublesome. It was done over his protest. And to have

OMB coming in and altering testimony like that, I don't think we have heard the last of this. And I am glad to hear you state your position.

Senator PACKWOOD. Can I ask a further question, Mr. Chairman?

The CHAIRMAN. Senator Packwood.

Senator PACKWOOD. I am curious about your definition of "truth" because I know the statement that was changed. While the preponderance of scientific evidence is on the side of that, not all of it. And I am not sure where the truth lies And I am curious how Mrs. James would be so sure as to what the truth is so that you could always recognize it.

Ms. JAMES. Well that is why I think I said it would depend on how, you know, if we were altering the testimony to make it more accurate or make it more truthful, that would not be an issue.

Senator PACKWOOD. But you said you should always go with the truth. But how do you know what that is?

Ms. JAMES. I think it depends on the situation. In that particular situation, if it is a matter of scientific evidence. And I am not familiar with the particular case that is brought before me right now. It is important I think for all of us—and I know that you struggle with this as Senators as well—to find out to the best of your ability what is accurate, what is honest, what is fair, what is truth. And I think that when you ask those kinds of questions—when you seek to do that—then the best that you could possibly hope for is by asking the right kinds of questions, you can find out what the truth and what honesty is.

Senator PACKWOOD. Let me give you an example. Let's say we are on July 15th, and OMB is making its economic projections for next year. And Director Darman comes in and says "Interest rates are going to be 6 and ½ percent. We thought 5 and ½ but they are going to be 6 and ½." And one of his subordinates is convinced it is going to be 8 and ½. And that is the statement that person would make. And OMB says, "No, you can't make that statement." Now where is the truth?

Ms. JAMES. I would be more comfortable with one in the health care policy area, but in that particular case I would have to rely on the experts. I would have to go back to my operating and staff divisions. I would look to the Secretary for leadership because I don't have the expertise in that particular area.

Senator PACKWOOD. But what happens as you go back and the experts just come down like this. One says 10 and ½ and one says 6 and ½, and the average is 8 and ½, and the OMB Director says we are going with 6 and ½.

Now one of the experts, a Ph.D at Harvard in Economics, says "I think that is untruthful." Is it untruthful?

Ms. JAMES. I think that the answer to that is that the Secretary of the Department of Health and Human Services is the one who will set policy, who will set standards and who will determine what is accurate. And I would have to take my leadership from him. I would look to the Secretary and say, Mr. Secretary, you are the expert. You know the policy questions that are here. I am happy to go forward with your advice and your expertise and what you think the accurate information is.

I think it would almost be ludicrous for me to sit here and just say that I could make those kinds of determinations in such a broad scope, whether it is Social Security or Medicare or whether it is something dealing with Health Care Financing Administration. It is going to require that I look to the Assistant Secretaries who are heading up those divisions to give me the accurate information, give me good information, and I will take that to the public.

But I am going to have to trust the people that I work with in terms of representing policy at HHS.

Senator PACKWOOD. Thank you.

The CHAIRMAN. Are there any further questions of the nominees?

Senator BAUCUS. Mr. Chairman, I don't want to belabor the point, but what if you, in preparing testimony before us in Congress, were to submit that testimony to OMB, and OMB were to strike a portion of your testimony that you believed in very strongly. I think I heard you say earlier that would not be a dilemma, that is, you would speak the truth. Is that to say that you would either not testify, or that you would not follow these instructions?

Ms. JAMES. I think the question at that particular time was more one that had to do with OMB asking you to say something that was patently not true. If OMB struck something from testimony for a policy reason, I would have no problem with coming before the United States Senate and offering that testimony.

Senator BAUCUS. What if OMB instructed you to say that life does not begin at conception?

Ms. JAMES. Ah, that is where we are going.

If OMB said to me that life does not begin at conception, and that is official United States Government policy, it is my job to articulate Government policy. I have very personal views about that, and I think my views are very clear. But my job is not to represent my personal views. My job is to represent the views of the United States Government.

Senator BAUCUS. Which is to say that you may say something that you believe not to be true if that is perceived to be, in your judgment, the policy of the United States Government.

Ms. JAMES. Well I think I understand now better the question about truth and truth. There is true truth and there is truth. It is something that I believe that I hold very personally. I recognize it is something that is not settled in the whole area of public policy.

One of the things that I have learned by being very active in my involvement in surrounding the prolife issue is that there are people of integrity and compassion, people who believe that they speak very truthfully and honestly on both sides of these issues.

I think, my job again, while I have personal views about this, I recognize on the public policy area that the United States Government may take positions which are opposed to mine. However, I am delighted that I have no such conflict of interest in serving the Secretary and serving the President. I can serve them both well, I feel comfortable in representing the views of the United States Government and of the Secretary on these issues. So I don't anticipate any problem.

Senator BAUCUS. Thank you.

Senator ARMSTRONG. Mr, Chairman, I don't want to belabor the point, but if I could have the last word on this.

The CHAIRMAN. Senator Armstrong.

Senator ARMSTRONG. Far be it for me to put in a good word for the OMB, but nobody else has and so maybe I will. [Laughter.]

Senator ARMSTRONG. OMB practically exists to ruffle people's feathers and to cancel worthy spending projects and to clip the wings of people who have got presentations they want to make and so on. And I, like all of the other members of the committee, frequently disagree with one position or another of the OMB. But we shouldn't leave the implication that somehow there is something sinister about this. That is their job, in part, to provide coherence to the policy of the Government. And if you don't have somebody who, on behalf of the President, coordinates the activities of the different agencies of Government you get an Administration that speaks with a thousand voices. And that is true whether it is the FSX, whether there was a dispute initially between the Defense Department and the Commerce Department. It comes up on trade matters all the time. It comes up on economic matters and so on.

And so while any of us may at some point disagree with the policy of the Administration, the function is an important one and a proper one.

Now in the particular case that Senator Pryor mentioned this morning, the paper may or may not have been responsive of the exercise, but the function is a proper one, and I just didn't want to leave the sense that somehow we were criticizing that function.

The CHAIRMAN. I think they go beyond just doing what has to be done for budget making. And I think they get very much into policy issues that don't involve just numbers. That gives me a great deal of concern. There has been a trend since I have been in the United States Senate that I have seen accelerate and this disturbs me very much. So I have some difference of viewpoint on that.

Before you get hit by any ricochets, we have been pleased to have you and we wish you well.

Ms. JAMES. Thank you very much.

The CHAIRMAN. Thank you very much.

[Whereupon, at 3:26 p.m., the hearing was concluded.]

APPENDIX

Alphabetical Listing and Material Submitted

Prepared Statement of Roger Bolton

Mr. Chairman, it is an honor to appear before the Finance Committee today as President Bush's nominee to be Assistant Secretary of the Treasury for Public Affairs and Public Liaison.

The position is responsible for Treasury 5 relations with the press, state and local governments, labor, business and professional organizations. I believe in a strong communications program that thoroughly explains Treasury's positions on issues, as well as the processes by which policy decisions are made. Having worked both as a newspaper reporter and as a Congressional staff member, I have a healthy appreciation for the importance of an informed electorate in the functioning of our representative democracy.

I also believe strongly in the need to involve the private sector in governmental decision-making processes. At the Office of the U.S. Trade Representative, I was responsible for supervising the operation of the trade advisory committee system that this Committee has authorized. Throughout the negotiations of the Canada Free Trade Agreement and the Uruguay Round, I worked to assure that the Administration's negotiating objectives accurately reflected the advice we received from the advisory committees.

Finally, Mr. Chairman, I would like to say a word about the bipartisanship that President Bush and Secretary Brady have said will be a hallmark of this Administration's relations with Congress. I served as Administrative Assistant to Congressman Clarence J. Brown when he was the ranking Republican and you were the Chairman of the Joint Economic Committee. I remember well the excellent working relationship you and he developed and how it led in 1979 and 1980 to the first unanimous annual reports ever issued by that Committee. It is in that cooperative spirit that I would like to work with this Committee and its staff if confirmed by the Senate.

Thank you for taking time from your busy schedules for this hearing. I would be pleased to answer any questions that you may have.

THE WHITE HOUSE PRESS RELEASE, MARCH 28, 1989

The President today announced his intention to nominate Roger Bolton to be an Assistant Secretary of the Treasury (Public Affairs and Public Liaison). He would succeed Edith E. Holiday.

Since 1988, Mr. Bolton has served as a Special Assistant to the President for Public Liaison and Director of the Economic Division at the White House in Washington, DC. Mr. Bolton has also served as Assistant U.S. Trade Representative for Public Affairs and Private Sector Liaison for the Office of the U.S. Trade Representative, July 1985–1989. Prior to this, he was Deputy Assistant Secretary for Public Affairs at the Department of the Treasury, 1984–1985. Mr. Bolton was Director of Speechwriting for Reagan-Bush '84, 1984; Press Secretary for the Joint Economic Committee of Congress, 1983; and Deputy Director of Government Affairs for the National Transportation Safety Board, 1983. Mr. Bolton has also served as Administrative Assistant for Congressman Clarence J. Brown, 1977–1983; and as Press Secretary, 1975–1977. From 1972–1975, he was a Political Reporter for *The Marion (Ohio) Star.*

Mr. Bolton was graduated from Ohio State University (B.A., 1972). He is married to the former Lynne Melillo. He was born June 12, 1950, is a native of Cincinnati, Ohio and currently resides in Reston, Virginia.

PREPARED STATEMENT OF CHARLES H. DALLARA

Mr. Chairman, Senators: It is a pleasure to appear before you today as you consider my nomination to the position of Assistant Secretary of the Treasury for International Affairs. I am honored to have been nominated by President Bush for this position and am, of course, prepared to answer any questions you may have concerning my qualifications, experience, or the responsibilities associated with the position to which I have been nominated.

It was my pleasure to have appeared before this Committee only seven months ago in connection with my nomination to the position of Assistant Secretary of the Treasury for Policy Development. At that time, I underscored my willingness and intent to work with Congress in the fulfillment of my duties, if confirmed. I have made every effort to follow up on that commitment since those hearings and would like to reiterate that pledge to you today. If I am confirmed to the position of Assistant Secretary for International Affairs, my duties will cover the full range of Treasury activities in the international arena, including such matters as the international debt problem, economic policy coordination and exchange rate policy, and trade and investment policies. I would plan to work closely with the appropriate committees, subcommittees, and individual members of the Senate and the House, as well as their staffs, in an effort to ensure full and continuing consultation with the Congress on such matters of vital national interest.

Before closing, Mr. Chairman, I would like to take the opportunity to thank Secretary of the Treasury Brady and President Bush for the confidence they have expressed in me by nominating me to this position. If this Committee is willing to share their confidence, I will do my utmost to serve my country's interests during the period of my service.

Mr. Chairman, at this time, I would like to offer to respond to any questions you or any other members of the Committee may have.

Thank you.

Treasury News Release, October 24, 1988

CHARLES H. DALLARA, ASSISTANT SECRETARY OF THE TREASURY FOR POLICY DEVELOPMENT AND SENIOR ADVISOR FOR POLICY

Charles H. Dallara was confirmed by the United States Senate as Assistant Secretary of the Treasury for Policy Development on October 19, 1988, and was sworn into office by Secretary Nicholas F. Brady on October 20, 1988. President Reagan had nominated Dr. Dallara for this position earlier this month.

As Assistant Secretary for Policy Development, Dr. Dallara will continue to serve as Senior Advisor for policy to the Secretary of the Treasury, a role he assumed in September. He will support the Secretary in the monitoring and development of policies covering the full range of the Department's activities. He will also be responsible for the oversight of the Executive Secretary and the functions of the Executive Secretariat.

Since 1984, Dr. Dallara has also been serving as United States Executive Director of the International Monetary Fund (IMF). He had served as Senior Deputy Assistant Secretary of the Treasury for International Economic Policy from 1985 to 1988, and prior to this had held a variety of other positions at the Treasury, and served as the U.S. Alternate Executive Director at the IMF. Dr. Dallara received his Ph.D., M.A., and M.A.L.D. from the Fletcher School of Law & Diplomacy, Tufts University, and a B.A. in economics from the University of South Carolina. He also served as an officer in the U.S. Navy from 1970-1974. Dr. Dallara was born on August 25, 1948 in Spartanburg, South Carolina to Harry P. and Margaret Dallara. He is married, has two children, and resides in Falls Church, Virginia.

PREPARED STATEMENT OF KAY JAMES

Mr. Chairman and members of the committee, I am honored to appear before you as President Bush's nominee to be Assistant Secretary for Public Affairs at the Department of Health and Human Services (HHS). I look forward, if confirmed, to

serving the President, Secretary Sullivan and the tens of thousands of dedicated HHS employees as we endeavor to preserve, strengthen and broaden the health and economic security of all Americans.

I will strive to make the Office of Public Affairs an important ally in all aspects of Secretary Sullivan's work on behalf of the Nation. We are HHS' vital conduit to the American public, providing important information on health, support for our families and the elderly, and economic security. I will make sure that this information is timely, accurate and easily accessible.

In my previous work, I have had occasion to closely observe and interact with the department. I therefore know that the Department of Health and Human Services has been a creative and credible vehicle for the dissemination for information on health, family policy and economic security. HHS has a long history of service which has forged a strong bond of trust with the American people.

This bond of trust is always important and must never be violated. My goal will be to strengthen it.

Let me cite just one example of how important our work can become. The American public is quickly becoming more health conscious and better informed about health risks and health opportunities. Our citizens depend upon us to deliver new and accurate information about the spread of AIDS and the dangers of illicit drug use.

In short, the American people expect us to clearly and completely give them the facts on all relevant health and human services issues.

That is an exciting challenge for the Office of Public Affairs. If we perform our work with competence, insight and imagination, then the American people will greatly benefit from our efforts. If we fail in our task, then our country will suffer.

Along these lines, it is important that the Office of Public Affairs continues to grow with the times. The advent of satellite, cable and video provides new and unique opportunities for delivering our message to the American public. I will work to make certain that we carefully explore and utilize each medium to the best of its potential.

I am also committed to expansion of our open and extremely helpful dialogue with the local and national media. Many of the top advertising agencies, television and movie production companies and many other members of the media have offered their help and assistance to help us tackle critical health issues like AIDS and illicit drug use. We can also harness their genius and expertise in the struggle against cancer, diabetes, hypertension, and heart disease. I will work to keep this dialogue going.

I have a particular commitment to the anti-drug effort. Like so many other Americans, I have been personally affected by adult relatives who were alcohol abusers when I was a child. Living through the pain and suffering has made a lasting impression. I know how important it is for people to understand that help is available and how to gain access to it. I will work to increase that understanding.

Also, I would reiterate what President Bush and Secretary Sullivan have repeatedly stated. We are prepared to work with Congress in a bipartisan spirit. I pledge to put forth every effort to serve the public with valuable and accurate information.

I would, of course, be pleased to respond to any questions, and I thank you again for inviting me to appear before you today.

SKILL AREAS

—Policy Development
—Project administration
—Staff supervision
—Knowledge of grant and contract mechanisms
—Grant and budget development and management
—Experience in developing and initiating training
—Experience in developing and producing public relations materials
—Preparation of job descriptions
—Conducting performance evaluations
—Equal Employment Opportunity and affirmative action
—Recruiting, screening, and interviewing of job applicants
—Media spokesperson / liaison
—Debates in front of audiences, on t.v., radio
—Organizer of major media events, press conferences

PROFESSIONAL HISTORY

Director of Public Affairs, National Right to Life Committee, Washington, DC, April 1985 to December 1988

President of Black Americans for Life, Outreach Program of the National Right to Life Committee

Outreach Liaison

Oversee the development, implementation and evaluation of effective programs for the outreach efforts by NRLC and its affiliates to the Black, Hispanic, and Jewish communities; coordinate and assist with American Victims of Abortion and Teens for Life projects; oversee production of brochures, newsletters, ads and other materials targeted toward these communities and audiences

Lobbying

Director assists with national and state legislative efforts through lobbying and offering testimonies at hearings; ongoing development of key contacts within federal legislative and governmental offices

Media relations

Ongoing communications with national broadcast and print media; serves as NRLC spokeswoman for news interviews, press conferences, radio and television guest programs; personal contacting of key media representatives to cultivate media awareness of NRLC and its issues of concerns

Speaker

Director serves as public liaison for NRLC and its 50 state and 3,000 local affiliate groups by lecturing to college groups, churches, community and civic organizations, pro-life conventions, etc.; assists with the development of audio/visuals with director serving as talent

Personnel Director, Circuit City Stores, Inc., Beltsville, MD, October 1983 to March 1985

—Develop and conduct management training and development
—Administer the compensation and benefits program
—Conduct employee evaluations
—Analyze job categories and write job descriptions
—Recruit, screen and interview applicants
—Develop special projects and seminars

Director of Community Education and Development—Housing Opportunities Made Equal, Richmond, Virginia, July 1981 to October 1983

—Recruited, hired, trained, and supervised personnel in the Division of Community Education and Development
—Conducted seminars and gave lectures promoting fair housing
—Coordinated the Speakers Bureau
—Coordinated the preparation of a multi-image presentation, brochures public service announcements, and press releases
—Administered the budget of the Fair Housing Community Support Campaign
—Assisted the Board of H-O-M-E with fundraising

Assistant to Housing Coordinator, Housing Opportunities Made Equal, Richmond, Virginia, March 1980 to July 1981 (part-time)

—Developed and conducted training of fair housing testers
—Administered the research procedure for fifteen contract fair housing testers
—Collected and analyzed research data from testers

Conference Coordinator, State of Virginia Developmental Disabilities Protection and Advocacy Office, April 1978 to September 1979 (part-time)

—Negotiated with vendors and state agencies for the preparation of the conference
—Coordinated with hotel management
—Developed and supervised registration procedures for the one hundred and fifty conferees
—Responsible for the orderly flow of the conference agenda
—Evaluated the effectiveness of the conference
—Developed proposals for the next conference

Force Manager, Chesapeake and Potomac Telephone Co., Roanoke, VA, September 1973 to January 1974

—Analyzed personnel requirements for district traffic office
—Projected force requirements

—Authorized and supervised the scheduling of one hundred and seventy five employees

Group Supervisor, Chesapeake and Potomac Telephone Co., Roanoke, VA, May 1972 to September 1973
—Trained, monitored the progress of, and evaluated a group of twenty telephone operators
—Administered the benefit program
—Represented management in union/management grievance procedures

Traffic Service Advisor, Chesapeake and Potomac Telephone Co., Roanoke, VA, March 1971 to May 1972
—Advised business customers on optimum use of their telephone company equipment
—Spoke before customer employee groups, and business and professional organizations
—Analyzed customer needs and made recommendations to marketing staff

EDUCATION

Bachelor of Science, May, 1971, Hampton Institute, Hampton, Virginia Major: History, Secondary Education
High School Diploma, June 1967, John Marshall High School, Richmond, Virginia

LECTURED AND OR DEBATED AT THE FOLLOWING UNIVERSITIES

—Yale
—Princeton
—Hampton
—Howard
—Virginia Commonwealth University
—American University
—Oxford
—Cambridge
—Marquette
—Villanova
—University of Virginia
—many others

AUTHORED ARTICLES AND GUEST APPEARANCES ON TALK SHOWS

—*USA Today,* 1-22-88, 8-15-86
—*Congressional Black Caucus Magazine,* Spring 1987
—*Nightline,* three appearances
—*Oprah Winfrey*
—*CBS Morning News*
—*Good Morning America* (ABC)
—*The Today Show* (NBC)
—*Focus On The Family*
—many others

PRESENT PROFESSIONAL AND CIVIC ACTIVITIES

—White House Commission on Children, appointed by the President, 6-88
—White House Task Force on the Black Family, appointed 5-88
—Member of the Greenwood Foundation Board of Directors
—Co-Founder of the National Family Institute
—National Coalition of Blacks for Bush/Qualye
—National Coalition on Pro-Family/Pro-Life Issues

PAST PROFESSIONAL AND CIVIC ACTIVITIES

—Board of Directors of Family and Children Services
—Board of Directors of Richmond Metropolitan Crisis Pregnancy Center
—Chairman of the Leadership Metro Richmond Alumni Association, 1983

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

Mr. chairman, thank you for the opportunity to appear before the Finance Committee this afternoon to introduce the President's nominee for Assistant Secretary of the Treasury for Public Affairs and Public Liaison, Roger Bolton.

Roger's family made the mistake of settling on the wrong side of the Ohio River, in Cincinnati. But Roger had the good sense to at least partially offset this disadvantage by marrying a woman from Kentucky. His good judgment is further demonstrated by the fact that his wife, Lynne Melillo Bolton, is an extremely talented young lady. She served as my first press secretary after I was elected to the Senate in 1984.

Through Lynne, I got to know Roger Bolton as a man of experience and competence. He is well qualified to assume this important position, having served in similar roles on Capitol Hill and in the Executive Branch. He was press secretary and administrative assistant to Congressman Clarence J. Brown of Ohio, and later worked at the Joint Economic Committee.

After serving as director of speechwriting for Reagan-Bush '84, Roger joined the Administration, first at Treasury and later at the Office of the U.S. Trade Representative and the White House. During the time that Roger was serving at USTR, I found that he was extremely responsive to the trade policy concerns of firms in Kentucky and throughout the country. He could be counted on to see that the agency responded to their concerns, and I know he will do the same at Treasury.

Roger was also an outstanding spokesman for U.S. trade policy. He made an excellent presentation at a conference I sponsored in Hebron, Kentucky on International Trade and Export Opportunities. This is a fine nomination, and I thank the Committee for the opportunity to appear on Roger's behalf. I strongly recommend his confirmation to my colleagues.

PREPARED STATEMENT OF HOLLIS S. MCLOUGHLIN

Thank you, Mr. Chairman. I appreciate the opportunity today to present myself to members of the Committee.

I am honored to have been nominated by President Bush for the position of Assistant Secretary of the Treasury for Policy Management. If I am confirmed by the Senate, I look forward to working with Congress as a member of the Administration on the many issues under the Treasury Department's jurisdiction.

The position of Assistant Secretary of Policy Management, as I see it, has several major components. First and foremost, the Assistant Secretary, working with the Secretary and Deputy Secretary, has to ensure that the policies and objectives of the Secretary are thoroughly developed and communicated within the Department. In addition, the Assistant Secretary must see that policy is reviewed and coordinated within the Treasury Department and help create an environment in which differing points of view are allowed to develop and are presented in such a way that the Secretary can make a sound and well informed decision on any issue that comes to his desk. Finally, I think the Assistant Secretary is responsible for closely monitoring the coordination of Department policy with the rest of the Executive Branch.

I believe I have been very lucky to have a combination of public and private sector management experiences which will help me carry out these duties. As an Administrative Assistant to a United States Congresswoman and then to a United States Senator, I learned a great deal about the process of government and the important relationship between the Executive and Legislative Branches. In addition, my jobs as an executive in business have taught me a great deal about strategy, goal setting, and achieving results.

When I served under Representative Millicent Fenwick, I had the opportunity to learn first hand about many of the issues which fall within the responsibilities of the Department

As the Chief of Staff to Senator Nicholas Brady, I developed a close professional relationship with him which I think will be invaluable in the job of Assistant Secretary of Policy Management. In addition, during Mr. Brady's short tenure in the Senate I was able to build on what I had learned in the House of Representatives.

As a partner in an investment group and as an executive of a publicly traded company, I have been involved in a wide range of financial and legal issues which I believe has given me a solid background in the practical economic issues which business and wage earners face in today's world.

I think all of these experiences will help me as an Assistant Secretary of Treasury and specifically in the Policy Management assignment.

I know you are all very busy and therefore, I wanted to keep my remarks brief, however, I will of course be happy to answer the Committee's questions.

HOLLIS S. MC LOUGHLIN

137 CANOE BROOK PARKWAY, SUMMIT, NEW JERSEY 07901, (201) 277-1129

Business Background

1987-Present—THE TAGGART GROUP, MANAGING DIRECTOR

Principal in a management/investment group specializing in the purchase of under performing companies. Served as Executive Vice President of Pilot Freight Carriers, an acquisition of The Taggart Group.

1983-1987—PUROLATOR COURIER CORP., SENIOR VICE PRESIDENT, CORPORATE PLANNING

Reported to the President & CEO U.S. Courier Division. Member of Executive Policy Committee. Responsible for strategic plan of the division. Quality Assurance/Customer Service departments ($15MM budget). National Account Administration department ($5MM budget). Key accomplishments: member of four man team which attracted investors and successfully completed sale of Division for approximately $275MM; developed with COO business plan which eliminated a $6MM/mo. loss and brought the company to profitability within six months; increased productivity of customer service department by 15%. In addition, reduced department expenditures by 10% through consolidation of facilities and personnel reductions while maintaining service levels of over 90%.

Previously Vice President of Marketing. Overall responsibility for marketing strategy and plan to support $450MM Division. Managed a staff of 15 with a $20MM marketing budget. Key accomplishments: introduced a formal marketing planning and budgeting process within the department; revamped the marketing strategy to support corporate objectives; redefined the product line, instituted new simplified pricing structure; developed new advertising strategy and positioning resulting in 48% increase in awareness in advertised markets; developed and introduced new corporate identity to complement corporate and marketing strategies to over 11,000 employees in 200 locations.

1980-1983—BENTON & BOWLES, ADVERTISING, ACCOUNT MANAGER

Managed various Proctor & Gamble and General Foods accounts with advertising budgets of approximately $20MM.

1979-1980—WILLIAM SWORD INVESTMENT BANKER, ASSOCIATE

Reported to the Managing Partner. Analyzed new business opportunities, participated in mergers and acquisitions, corporate financing projects and private placements.

Government Experience

1979-1980—CHIEF OF STAFF TO UNITED STATES SENATOR

Appointed by interim United States Senator to be Chief of Staff. In this capacity evaluated existing personnel and completely reorganized the staff of 50 to maximize effectiveness and to properly reflect the objectives of the Senator. Also responsible for formulating strategy and policy on legislative issues, public relations, constituent affairs and liaison with elected officials. Interfaced directly with the offices of the President, Vice President, Governor of New Jersey and key cabinet officers. Wrote major policy strategies/statements for the Senator. Key accomplishments; increased mass transit funding for the state by $100MM and formulated the successful strategy to secure over $200MM in highway funds which had been frozen by the U.S. government.

1974-1978—CHIEF OF STAFF TO UNITED STATES CONGRESSWOMAN

Overall responsibility for strategic development of Congresswoman's legislative and political plan. Managed a staff of 15 professionals. Key accomplishments: managed successful re-election campaigns in 1976 and 1978 with over 60% of the vote in each election. Enactment into law of two major legislative initiatives.

Education

1968-1972—B.A. (Cum Laude), Harvard College

1964-1968—High School Diploma, Lawrenceville High School

PREPARED STATEMENT OF SENATOR STROM THURMOND

INTRODUCING CHARLES H. DALLARA

Mr. Chairman: I am pleased to be here today to introduce to the Committee Charles H. Dallara, who has been nominated by President Bush to be Deputy Undersecretary for International Affairs at the Department of the Treasury.

Mr. Dallara was born in Spartanburg, South Carolina. In 1970, he graduated from the University of South Carolina with a Bachelor of Science degree in Economics. Four years later, Mr. Dallara entered the Fletcher School of Law and Diplomacy at Tufts University, where he received a Master of Arts in International Economics, and in Law and Diplomacy. In 1986, he received his Ph.D. in International Economics from the Fletcher School of Law and Diplomacy.

Mr. Dallara served in the United States Navy from 1970-1974. During his service, he was a gunnery officer, deck officer, navigator, legal officer, and personnel officer on the USS Sampson. Additionally, he served as an aide and Flag Lieutenant to Rear Admiral Samuel L. Gravely, Jr. in Newport, Rhode Island.

Mr. Dallara has had considerable experience in the area of international economic policy. Over the last 13 years, Mr Dallara has held several positions of responsibility at the Department of the Treasury. In these jobs, he has been generally responsible for international and domestic economic issues. Additionally, Mr. Dallara is currently the United States representative at the International Monetary Fund.

I believe that his considerable experience will be most valuable to Mr. Dallara in the position to which he has been nominated. It is with much pride that I appear today to present this fine man to the Committee.

Prepared Statement of Senator John W. Warner

INTRODUCING MRS. KAY COLES JAMES

Mr.Chairman, members of the committee, I appreciate having the opportunity to come before you today to present to the committee one of my constituents, a fine Virginian, Mrs. Kay Coles James, whom President Bush has nominated to be Assistant Secretary for Public Affairs at the U.S. Department of Health and Human Services.

I have known Kay for some years now, and while we have not always seen eye-to-eye on every issue we have discussed, I have always been impressed by her understanding of the issues she presents, her sensitivity to my views when we disagreed, and her excellent presentment during our discussions.

Kay is a Virginian from the word "go", as her resume clearly indicates, having graduated from John Marshall high school in Richmond and going on to receive her Bachelor of Science Degree from Hampton Institute in Hampton, Virginia.

Kay is perhaps best known for her most recent position as Director of Public Affairs for the National Right-To-Life committee. In the more than three years that she held this position, Kay articulately presented the Committee's views on perhaps the single-most controversial and contentious issue in public policy today.

The position to which Kay has been nominated is to be Assistant Secretary for Public Affairs, and I believe she is well-qualified for that post.

INTRODUCING CHARLES DALLARA

Mr. Chairman, it is a great pleasure to return here today to introduce again to your committee Dr. Charles Dallara, President Bush's nominee to be Assistant Secretary of Treasury for International Affairs.

First, let me welcome to the Senate Dr. Dallara's wife Carolyn and his two children, Stephen and Emily.

It seems like it was just last week that we were all together for Dr. Dallara's last confirmation hearing. In fact it was over six months ago, and in a different administration.

Dr. Dallara comes to this position with an impressive array of experience and background. Dr. Dallara served our country in the United States Navy in the early 1970s as an admiral's aide and a flag lieutenant to a rear admiral, serving as executive assistant with a variety of duties, including flotilla watch officer at sea. This coincided with my tenure as Secretary of the Navy so I can personally attest to how hard we worked the flag lieutenants and admirals' aides.

Dr. Dallara received his Masters of Arts in international economics, Masters of Arts in law and diplomacy, and his Doctorate of Philosophy from the Fletcher School of Law and Diplomacy of Tufts University.

After receiving his Masters Degrees in 1975 and 1976, Dr. Dallara came to Washington to work in the Treasury's Office of International Monetary Affairs as an International Economist.

Mr. Chairman, that important position was just the beginning of Dr. Dallara's Washington career. He has been working in the Treasury, specializing in interna-

tional monetary matters for the last twelve years, through some of the most challenging times for U.S. monetary policy this country has ever seen.

Appointed to the post of special assistant to the Under Secretary of Monetary Affairs at Treasury, he assisted the Under Secretary in the planning, coordination and implementation of Treasury policy on international monetary, trade and energy issues. Later, he rose to be the special assistant to the Assistant Secretary of Treasury for International Affairs. There Dr. Dallara worked with the Assistant Secretary to formulate and implement U.S. international economic policies, including trade, monetary, investment and development policies.

Continuing his ascension at the Treasury Department, Dr. Dallara went on to become Deputy Assistant Secretary of International Monetary Affairs, Senior Deputy Assistant Secretary for International Economic Policy, senior advisor to the secretary, and—his current post—assistant secretary for policy development where he has also served as senior advisor for policy to the Secretary of the Treasury. In all these positions he has had hands-on exposure to virtually all aspects of our Nation's international monetary policy.

In addition, Dr. Dallara has represented the United States at the International Monetary Fund (IMF), first as alternate executive director and currently as U.S. executive director. His responsibilities there have included presenting the U.S. position to the IMF's executive board on issues concerning IMF operation and policies, the International Monetary System and economic stabilization programs.

Mr. Chairman, there is no question that the next several years will be critical in charting the course of international monetary policy. Secretary Brady needs experienced people in key positions to help maintain the quick start he has made. Dr. Dallara is an outstanding example of just such a person, and I hope the committee will do all it can to speed his confirmation through the Senate.

COMMUNICATIONS

U.S. OFFICE OF GOVERNMENT ETHICS
Washington, DC, April 13, 1989.

Hon. LLOYD BENTSEN,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by John Roger Bolton, who has been nominated by President Bush for the position of Assistant Secretary (Public Affairs and Public Liaison) of the Department of the Treasury.

The report has been reviewed and advice obtained from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, it appears that Mr. Bolton will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

FRANK Q. NEBEKER, DIRECTOR.

Enclosure.

U.S. OFFICE OF GOVERNMENT ETHICS
Washington, DC, October 7, 1988.

Hon. LLOYD BENTSEN,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC

Dear Mr. Chairman: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Charles H. Dallara, who has been nominated by President Reagan for the position of Assistant Secretary of the Treasury for Policy Development.

The report has been reviewed and advice has been obtained from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, it appears that Mr. Dallara is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

FRANK Q. NEBEKER, DIRECTOR.

Enclosure.

U.S. OFFICE OF GOVERNMENT ETHICS
Washington, DC, April 12, 1989.

Hon. LLOYD BENTSEN,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC

Dear Mr. Chairman: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. Hollis S. McLoughlin, who has been nominated by President Bush for the position of Assistant Secretary for Policy Management, Department of the Treasury.

The report has been reviewed and advice has been obtained from the Department of the Treasury concerning any possible conflict in light of its functions and the nominee's proposed duties. Enclosed are letters dated April 6 and 11, 1989, from Treasury's ethics official which describe the specific commitment by Mr. McLoughlin to dispose of his common stock holdings in Howard Savings Bank within 90 days

after confirmation and, pending that disposition, to recuse himself from participation in matters having a direct and predictable affect on the bank. He has also agreed to recuse himself from matters affecting TFMW, a real estate partnership in which he holds a general partnership interest.

Subject to the agreements and undertakings by Mr. McLoughlin noted above, we believe that he is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

FRANK Q. NEBEKER, DIRECTOR.

Enclosure.

U.S. OFFICE OF GOVERNMENT ETHICS
Washington, DC, April 19, 1989.

Hon. LLOYD BENTSEN,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC

Dear Mr. Chairman: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Kay C. James, who has been nominated by President Bush for the position of Assistant Secretary for Public Affairs of the Department of Health and Human Services.

The report has been reviewed and advice obtained from the Department of Health and Human Services concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Upon confirmation, the nominee has indicated her intent to resign from her positions on the National Family Institute and the Greenwood Foundation. Subject to the fulfillment of these commitments, we believe that Ms. James will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

FRANK Q. NEBEKER, DIRECTOR.

Enclosure

PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.

May 9, 1989

Hon. LLOYD BENTSEN,
Chairman, Senate Finance Committee,
Washington, DC

Dear Senator Bentsen: Thank you for the opportunity to testify on the appointment of Kay James—formerly an official for the National Right to Life Committee—as Assistant Secretary of Health and Human Services for Public Affairs. I regret that short notice makes it impossible for us to testify in person, but we understand that this submission will become part of the hearing record.

We are opposed to the appointment of Ms. James, although it has nothing to do with her character, her personality or her style. We know of nothing in her employment history—several years with a single-issue political organization and a period of time working for an electronics retail chain—that qualifies her to hold one of the top managerial positions in the largest domestic federal agency. Sadly, the appointment of ideologically driven, unqualified or counter-qualified men and women to positions of high public trust at HHS and in other agencies of the Federal government has become all too common these past eight years.

During the Reagan era at HHS we saw a consistent pattern of these sorts of appointees. The first appointee to run the Federal family planning and adolescent pregnancy program, as Deputy Assistant Secretary for Population Affairs, had no public administrative experience and no particular background in or enthusiasm for activities aimed at reducing the misfortune associated with unwanted pregnancy. Predictably, she resigned in an atmosphere of scandal, though not before doing a great deal of harm to the programs she was chosen to administer. Her successor, similarly obsessed with unorthodox and ideologically driven notions about the programs, was fired by the HHS secretary after a public confrontation over her unilateral efforts to run the program contrary to congressional intent.

These kinds of appointments weren't limited to DHHS, of course. It was common in the Reagan era to have those opposed to civil rights laws named to enforce and monitor them; to have those who campaigned against worker protection laws put in

charge of them; and to have appointees hostile to the needs and problems of poor Americans given oversight over welfare programs, legal aid and similar Federal activities.

Frankly, we expected more of President Bush. In his campaign he promised a departure from that period—a "kinder, gentler nation." His selection of Dr. Louis Sullivan of Atlanta, a respected medical school administrator and physician, to head HHS was clearly a step in that direction. But in the early days of the Sullivan appointment, his candor in expressing a public view about abortion held by the overwhelming majority of Americans that decisions about childbearing should be privately arrived at, and that safe abortion should remain legal and available—set in motion a series of capitulations and public humiliations of the Secretary-designee that has led to this hearing today.

The appointment of Kay James of the National Right to Life Committee to the position being considered by this committee today is part of the White House reparations payment for Dr. Sullivan's unfortunate burst of truthfulness. Because he believes—or, at least, used to believe—that abortion is an appropriate medical procedure for some women in this country, the American people are now being asked to accept the appointment of Kay James to a position of major public trust.

The public and the Senate is asked not to notice that Ms. James has nothing in her credentials to suggest a special talent for a public or private sector management as she moves into a top administrative position in a $400 billion agency. There is nothing in Ms. James' recent employment history to suggest that she has the background to assist in the oversight of an agency with 118,000 employees. To the best of our knowledge, Ms. James has no hands-on or academic experience relating to the Social Security program, to Medicaid or Medicare, to health care finance or to health care in general. We are not aware of any particular interest or preparation in her background that associates her with the wide range of critical issues that HHS officials are called upon to deal with every day.

What we do know is that Ms. James was trotted out by the White House during the controversy over Dr. Sullivan's abortion views, even as White House political operatives were "counseling" Dr. Sullivan on the inappropriateness of his public statements. Those public statements, I might add, are consistent with statements and votes cast by the chairman, ranking Republican and most members of this committee. It is to say that most members of this committee could not meet the Bush Administration litmus test to serve at HHS, while Ms. James seemingly makes the grade.

That, then, is the crux of Planned Parenthood's objection to Ms. James. We do not think she is the best qualified person in this country for the job. We do not think her career history, her academic qualifications or her experience in public affairs add up to what it takes to make a significant contribution to the management of this very important Federal agency. Her appointment is nothing more than a gift from the Bush White House to the anti-abortion movement, and we regret that fact. We urge this committee to keep a close watch on all of the political appointees at HHS and on their stewardship. Many, we are pleased to say, appear to have the right stuff to do their jobs and serve the taxpayers well. HHS is too important, too central to the well-being of too many Americans and too significant a burden on American taxpayers to be used as a rest-and-recreation center for veterans of the anti-abortion movement's political wars.

Sincerely,

WILLIAM W. HAMILTON JR., *Director, Washington Office.*